

<i>SERFF Tracking Number:</i>	<i>FNBL-125536872</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Mid-Century Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>#1452 \$100</i>
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1010 Employment Practices Liability</i>
<i>Product Name:</i>	<i>Employment Practices Liability Insurance Program</i>		
<i>Project Name/Number:</i>	<i>Farmers Insurance Group Filings /1002-01</i>		

Filing at a Glance

Companies: Mid-Century Insurance Company, Farmers Insurance Exchange, Truck Insurance Exchange

Product Name: Employment Practices Liability SERFF Tr Num: FNBL-125536872 State: Arkansas

Insurance Program

TOI: 17.1 Other Liability - Claims Made Only SERFF Status: Closed

State Tr Num: #1452 \$100

Sub-TOI: 17.1010 Employment Practices

Co Tr Num:

State Status: Fees verified and received

Liability

Filing Type: Form

Co Status:

Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding

Author: Fred Santiago

Disposition Date: 05/23/2008

Date Submitted: 03/26/2008

Disposition Status: Approved

Effective Date Requested (New): 05/01/2008

Effective Date (New):

Effective Date Requested (Renewal): 07/01/2008

Effective Date (Renewal):

State Filing Description:

Rec'd check 1452 for \$225.00 applied \$100 for forms FNBL 125536872 and \$125.00 for rate/rule FNBL-125536873

General Information

Project Name: Farmers Insurance Group Filings

Status of Filing in Domicile: Pending

Project Number: 1002-01

Domicile Status Comments:

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 05/23/2008

State Status Changed: 05/23/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Farmers Insurance Exchange

Mid-Century Insurance Company

Truck Insurance Exchange

Employment Practices Liability

Explanatory Filing Memorandum

<i>SERFF Tracking Number:</i>	<i>FNBL-125536872</i>	<i>State:</i>	<i>Arkansas</i>
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With this filing, The Farmers Insurance Group of Companies ("FIGC") proposes to introduce a new program, Employment Practices Liability Insurance ("EPLI"). The program will provide liability protection to an employer for employment-related practices, personnel policies, acts, or omissions. The intended customers of this program are those insureds that currently purchase FIGC's Businessowners' coverage.

There are two EPLI programs available: a Standard program, and a Preferred program that offers more choices of limits and coverages.

The proposed EPLI program is a new coverage offering for FIGC and does not replace any program currently offered by FIGC. As such, the rates and rating factors for this EPL program have been developed based on underwriting judgment.

The attached expense exhibits display the derivation of the projected loss and loss adjustment expense ratio for the EPLI program. Since this is a new program, the proposed expense provisions are based on FIGC expense experience for the Other Liability Annual Statement line of business.

Company and Contact

Filing Contact Information

(This filing was made by a third party - funkandboltonpa)

Fred Santiago, Paralegal	fsantiago@fblaw.com
36 South Charles Street	(410) 659-4976 [Phone]
Baltimore, MD 21201	

Filing Company Information

Mid-Century Insurance Company	CoCode: 21687	State of Domicile: California
36 South Charles Street	Group Code: 212	Company Type:
Baltimore, MD 21201	Group Name: Farmers Insurance Group	State ID Number:
(410) 659-4976 ext. [Phone]	FEIN Number: 95-6016640	

Farmers Insurance Exchange	CoCode: 21652	State of Domicile: California
36 South Charles Street	Group Code: 212	Company Type:
Baltimore, MD 21201	Group Name: Farmers Insurance Group	State ID Number:

SERFF Tracking Number: FNBL-125536872 State: Arkansas
First Filing Company: Mid-Century Insurance Company, ... State Tracking Number: #1452 \$100
Company Tracking Number:
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability Insurance Program
Project Name/Number: Farmers Insurance Group Filings /1002-01

(410) 659-4976 ext. [Phone]

FEIN Number: 95-2575893

Truck Insurance Exchange
36 South Charles Street
Baltimore, MD 21201

CoCode: 21709

State of Domicile: California

Group Code: 212

Company Type:

Group Name: Farmers Insurance
Group

State ID Number:

(410) 659-4976 ext. [Phone]

FEIN Number: 95-2575892

<i>SERFF Tracking Number:</i>	<i>FNBL-125536872</i>	<i>State:</i>	<i>Arkansas</i>
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<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1010 Employment Practices Liability</i>
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<i>Project Name/Number:</i>	<i>Farmers Insurance Group Filings /1002-01</i>		

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	
Per Company:	No

SERFF Tracking Number:	FNBL-125536872	State:	Arkansas
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TOI:	17.1 Other Liability - Claims Made Only	Sub-TOI:	17.1010 Employment Practices Liability
Product Name:	Employment Practices Liability Insurance Program		
Project Name/Number:	Farmers Insurance Group Filings /1002-01		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Edith Roberts	05/23/2008	05/23/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Edith Roberts	04/14/2008	04/14/2008	Fred Santiago	05/12/2008	05/12/2008
Industry						
Response						

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Declaration	Form	Fred Santiago	04/01/2008	04/01/2008
Page				
Standard				
Declaration	Form	Fred Santiago	04/01/2008	04/01/2008
Page				
Preferred				
AR	Form	Fred Santiago	04/01/2008	04/01/2008
Amendatory				
Endorsement				
Standard				
AR	Form	Fred Santiago	04/01/2008	04/01/2008
Amendatory				
Endorsement				
Preferred				

Filing Notes

Subject	Note Type	Created By	Created	Date Submitted
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<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1010 Employment Practices Liability</i>
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On

SERFF Tracking Number: *FNBL-125536872* *State:* *Arkansas*
First Filing Company: *Mid-Century Insurance Company, ...* *State Tracking Number:* *#1452 \$100*
Company Tracking Number:
TOI: *17.1 Other Liability - Claims Made Only* *Sub-TOI:* *17.1010 Employment Practices Liability*
Product Name: *Employment Practices Liability Insurance Program*
Project Name/Number: *Farmers Insurance Group Filings /1002-01*

Filing Fees **Note To Reviewer** **Fred Santiago** **04/14/2008 04/14/2008**

SERFF Tracking Number: FNBL-125536872 State: Arkansas
First Filing Company: Mid-Century Insurance Company, ... State Tracking Number: #1452 \$100
Company Tracking Number:
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability Insurance Program
Project Name/Number: Farmers Insurance Group Filings /1002-01

Disposition

Disposition Date: 05/23/2008

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number: FNBL-125536872 State: Arkansas

First Filing Company: Mid-Century Insurance Company, ... State Tracking Number: #1452 \$100

Company Tracking Number:

TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability

Product Name: Employment Practices Liability Insurance Program

Project Name/Number: Farmers Insurance Group Filings /1002-01

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Supporting Documentation	Approved	Yes
Form (revised)	Declaration Page Standard	Approved	Yes
Form	Declaration Page Standard	Approved	Yes
Form (revised)	Declaration Page Preferred	Approved	Yes
Form	Declaration Page Preferred	Approved	Yes
Form	Employment Practices Liability Insurance - Standard	Approved	Yes
Form	Employment Practices Liability Insurance - Preferred	Approved	Yes
Form	Employment Practices Insurance - Extended Reporting Period	Approved	Yes
Form	AR Consent Form	Approved	Yes
Form (revised)	AR Amendatory Endorsement Standard	Approved	Yes
Form	AR Amendatory Endorsement Standard	Approved	Yes
Form (revised)	AR Amendatory Endorsement Preferred	Approved	Yes
Form	AR Amendatory Endorsement Preferred	Approved	Yes

SERFF Tracking Number: FNBL-125536872 State: Arkansas
First Filing Company: Mid-Century Insurance Company, ... State Tracking Number: #1452 \$100
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TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability Insurance Program
Project Name/Number: Farmers Insurance Group Filings /1002-01

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 04/14/2008
Submitted Date 04/14/2008
Respond By Date

Dear Fred Santiago,

This will acknowledge receipt of the captioned filing.

Please advise if the fees have been submitted for this or for the companion rate/rule filing.

If so, please advise when and how.

Thanks.

Please feel free to contact me if you have questions.

Sincerely,
Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 05/12/2008
Submitted Date 05/12/2008

Dear Edith Roberts,

Comments:

Response 1

Comments: Sorry for not responding sooner, your department acknowledged receipt of the filing fees on April 21, 2008. If you need any additional information, please do not hesitate to ask.

Thank you

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Company Tracking Number:
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Fred Santiago

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Fred Santiago

SERFF Tracking Number: *FNBL-125536872* *State:* *Arkansas*
First Filing Company: *Mid-Century Insurance Company, ...* *State Tracking Number:* *#1452 \$100*
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Project Name/Number: *Farmers Insurance Group Filings /1002-01*

Note To Reviewer

Created By:

Fred Santiago on 04/14/2008 03:32 PM

Subject:

Filing Fees

Comments:

I can't find where filing fees were sent. Can I overnight them? There are three companies so would the correct filing fee be \$150.00?

Thank You

Fred Santiago

SERFF Tracking Number: FNBL-125536872 State: Arkansas

First Filing Company: Mid-Century Insurance Company, ... State Tracking Number: #1452 \$100

Company Tracking Number:

TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability

Product Name: Employment Practices Liability Insurance Program

Project Name/Number: Farmers Insurance Group Filings /1002-01

Amendment Letter

Amendment Date:

Submitted Date: 04/01/2008

Comments:

A clerical error has caused the wrong versions of the declaration pages and the Arkansas Amendatory Endorsements to be included in the initial submission. The attached documents replace those items.

Changed Items:

Form Schedule Item Changes:

Form Name	Form Number	Edition Date	Form Type	Action	Replaced Form #	Previous Filing #	Readability Score	Attachments
Declaration Page Standard	56-2377	1st Ed. 1-08	Declarati ons/Sch edule	New			0	56-2377 1st 01-08 updated.pdf
Form Name	Form Number	Edition Date	Form Type	Action	Replaced Form #	Previous Filing #	Readability Score	Attachments
Declaration Page Preferred	56-2402	1st Ed. 1-08	Declarati ons/Sch edule	New			0	56-2402 1st 01-08 updated.pdf
Form Name	Form Number	Edition Date	Form Type	Action	Replaced Form #	Previous Filing #	Readability Score	Attachments
AR Amendatory Endorsemen t Standard	90-1855	1st Ed. 02-08	Endorse ment/Am endment /Conditio ns	New				90-1855 1st Edition 02-08 updated _2_.pdf
Form Name	Form Number	Edition Date	Form Type	Action	Replaced Form #	Previous Filing #	Readability Score	Attachments
AR Amendatory Endorsemen t Preferred	90-1896	1st Ed. 02-08	Endorse ment/Am endment /Conditio ns	New				90-1856 1st Edition 02-08.pdf

SERFF Tracking Number: FNBL-125536872 State: Arkansas

First Filing Company: Mid-Century Insurance Company, ... State Tracking Number: #1452 \$100

Company Tracking Number:

TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability

Product Name: Employment Practices Liability Insurance Program

Project Name/Number: Farmers Insurance Group Filings /1002-01

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Declaration Page Standard	56-2377	1st Ed. 1-08	Declaration New s/Schedule		0.00	56-2377 1st 01-08 updated.pdf
Approved	Declaration Page Preferred	56-2402	1st Ed. 1-08	Declaration New s/Schedule		0.00	56-2402 1st 01-08 updated.pdf
Approved	Employment Practices Liability Insurance - Standard	93-6577	1st Ed. 1-08	Policy/CoveNew rage Form		0.00	J6577100.pdf
Approved	Employment Practices Liability Insurance - Preferred	93-6578	1st Ed. 1-08	Policy/CoveNew rage Form		0.00	J6578100.pdf
Approved	Employment Practices Insurance - Extended Reporting Period	93-6576	1st Ed. 1-08	Endorseme New nt/Amendm ent/Condi ons		0.00	93-6576 1st 01-08.pdf
Approved	AR Consent Form	25-2594	1st Ed. 02-08	Disclosure/ New Notice			25-2594 1st Ed 02-08 - AR CONSENT Form _EPLI_.pdf
Approved	AR Amendatory Endorsement Standard	90-1855	1st Ed. 02-08	Endorseme New nt/Amendm ent/Condi ons			90-1855 1st Edition 02-08 updated _2_.pdf
Approved	AR Amendatory Endorsement Preferred	90-1896	1st Ed. 02-08	Endorseme New nt/Amendm ent/Condi ons			90-1856 1st Edition 02-08.pdf

DECLARATIONS
EMPLOYMENT PRACTICES INSURANCE COVERAGE - STANDARD

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE INSURER AS SOON AS PRACTICABLE. WITHOUT NEGATING THE FOREGOING REQUIREMENTS, SUCH NOTICE OF CLAIM MUST ALSO BE REPORTED NO LATER THAN 30 DAYS AFTER THE END OF THE POLICY PERIOD OR, IF APPLICABLE, THE EXTENDED REPORTING PERIOD. AMOUNTS INCURRED AS DEFENSE COSTS SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE INSURER SHALL NOT BE LIABLE FOR ANY DEFENSE COSTS OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED. PLEASE READ THIS POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT.

Policy Number:

1. Named Insured:

☐ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture ☐ Other

2. Policy Period:

at 12:01 a.m.

(Standard Time at Your address shown below)

3. Address:

4. Limit Of Liability (Includes Cost Of Defense):

(a) Each Insured Event Limit _____

(b) Aggregate Limit of Liability _____

5. Self Insured Retention (Includes Cost Of Defense):

Any One Insured Event _____

6. Prior Knowledge Date:

7. Retroactive Date:

8. Premium:

9. Authorized Representatives:

10. Endorsements At Inception:

DECLARATIONS
EMPLOYMENT PRACTICES INSURANCE COVERAGE - PREFERRED

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE INSURER AS SOON AS PRACTICABLE. WITHOUT NEGATING THE FOREGOING REQUIREMENTS, SUCH NOTICE OF CLAIM MUST ALSO BE REPORTED NO LATER THAN 30 DAYS AFTER THE END OF THE POLICY PERIOD OR, IF APPLICABLE, THE EXTENDED REPORTING PERIOD. AMOUNTS INCURRED AS DEFENSE COSTS SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE INSURER SHALL NOT BE LIABLE FOR ANY DEFENSE COSTS OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED. PLEASE READ THIS POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT.

Policy Number:

1. Named Insured:

☐ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture ☐ Other

2. Policy Period:

at 12:01 a.m.

(Standard Time at Your address shown below)

3. Address:

4. Limit Of Liability (Includes Cost Of Defense):

(a) Each Insured Event/Third Party Insured Event

(b) Punitive, Exemplary and multiple damages Limit

(c) Aggregate Limit of Liability

5. Self Insured Retention (Includes Cost Of Defense):

Any One Insured Event/Third Party Insured Event

6. Prior Knowledge Date:

7. Retroactive Date:

8. Premium:

9. Authorized Representatives:

10. Endorsements At Inception:

**EMPLOYMENT PRACTICES LIABILITY INSURANCE - STANDARD**

THIS IS A CLAIMS MADE AND REPORTED POLICY. AMOUNTS INCURRED AS DEFENSE COST SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE INSURER SHALL NOT BE LIABLE FOR ANY DEFENSE COST OR FOR ANY JUDGEMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED.

The consideration for our issuing this policy is the payment of Premium; in issuing the policy, we have relied upon all statements made to us in the **Application** and any attachments and all other information provided to us.

Throughout this policy the words **"you"** and **"your"** refer to the **Named Insured** shown in the Declarations.

Under this policy the words **"we"**, **"us"** and **"our"** refer to the Underwriters providing this insurance.

The word "Insured" means any person or organization qualifying as such under **WHO IS INSURED**.

READ THIS POLICY CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE. IMPORTANT: THIS IS A CLAIMS FIRST MADE AND REPORTED POLICY WHICH INCLUDES COSTS OF DEFENSE WITHIN THE LIMIT OF LIABILITY.

I. COVERAGE: WHAT IS COVERED

A. We will pay **Loss** amounts that an **Insured** is legally obligated to pay on account of a **Claim** because of an **Insured Event** to which this policy applies. However, the amount we will pay is limited as described in the **LIMIT OF LIABILITY** and **SELF INSURED RETENTION** sections of this policy.

B. This policy applies only if:

- (1) A **Claim** is first made against an **Insured** in accordance with **WHEN COVERAGE IS PROVIDED**;
- (2) The **Claim** is reported in accordance with **WHEN COVERAGE IS PROVIDED** and **CONDITIONS** section **VIII.A. Duties in the event of a Claim**;
- (3) A **Claim** is first made against an **Insured** in accordance with **WHERE COVERAGE IS PROVIDED**; and
- (4) A **Claim** is first made against an **Insured** based upon an **Insured Event** that first occurred after the Retroactive Date set forth in the Declarations.

C. Defense. We have the right and duty to defend any **Claim** for an **Insured Event** made or brought against any Insured to which this policy applies. We have the right to choose counsel to defend a **Claim** that we are covering. We have no duty to provide other services or take other actions. Our duty to defend any **Claim** ends when the **LIMIT OF LIABILITY** that applies has been exhausted, and in such event, the **Named Insured** shall, upon notice from us, promptly take over control of the defense.

We have the right to investigate and to settle any **Claim** for an **Insured Event** in the manner and to the extent that we believe is proper, contingent upon the consent of the **Named Insured** as defined in this policy. This includes the right to agree to post a notice of compliance, provided such notice does not contain an admission of liability.

You may take over control of any outstanding **Claim** previously reported to us only if we both agree that you should, if required under law or if a court orders you to do so.

If your **LIMIT OF LIABILITY** is exhausted, we will notify you of all outstanding **Claims** so that you can take over control of their defense. We will help to transfer control to you.

- D. During the transfer of control.** We agree to take whatever steps are necessary to continued the defense of any outstanding **Claim** and avoid a default judgment during the transfer of control to you. If we do so, you agree to pay reasonable expenses that we incur for taking such steps after the **LIMIT OF LIABILITY** is exhausted.
- E. Duty to pay.** We have the duty to pay any **Loss** (after you pay the applicable self-insured retention) that results from any **Claim** for an **Insured Event** made or brought against any **Insured** to which this policy applies. Our duty to pay ends when the applicable **LIMIT OF LIABILITY** has been exhausted. We will not pay more than the applicable **LIMIT OF LIABILITY**.
- We have the duty to pay **Defense Costs** incurred (after you pay the applicable self-insured retention) for the defense of any **Claim** that is controlled by us. Any payment of **Defense Costs** is included in the **LIMIT OF LIABILITY**, it is not in addition to the **LIMIT OF LIABILITY**.
- F. Recommended Settlements.** As respects any **Claim** for which we recommend that a settlement offer be accepted but you do not give your consent to such settlement, and the **Claim** later results in a judgment or settlement in excess of the recommended settlement, our liability for **Loss** on account of such **Claim** shall not exceed the recommended settlement amount plus **Defense Costs** incurred as of the date we recommended the settlement. This provision shall not apply unless the total **Loss**, including the recommended settlement, would exceed the applicable Retention amount.

II. DEFINITIONS

- A. Application** means each and every signed **Application**, any attachments to such **Applications**, other materials submitted therewith and incorporated therein and any other such documents submitted in connection with the underwriting of this policy or the underwriting of any other employment practices liability policy issued by us, or any of our affiliates, of which this policy is a renewal, replacement or which succeed it in time.
- B. Claim(s)** means a written complaint or written charge made against an **Insured** or a written demand made against an **Insured** in which damages are alleged or where specific charges of **Discrimination, Harassment, Inappropriate Employment Conduct** are brought.
- Claim** includes a civil action, suit or administrative proceeding, to which any Insured must submit or to which any **Insured** submits with our consent.
- But **Claim** shall not mean any labor or grievance arbitration subject to a collective bargaining agreement; or any complaint, writ or other proceeding in which an **Insured** is alleged to have committed or engaged in a criminal offense or violation of a federal, state or local penal law.
- C. Defense Costs** means those reasonable and necessary expenses that result from the investigation, settlement or defense of a specific **Claim** including attorney fees and expenses, the cost of legal proceedings, the cost of appeal bonds, the cost of bonds to release property being used to secure a legal obligation (but only for bond amounts within the **LIMIT OF LIABILITY** that applies). We have no obligation to furnish any bonds.
- The following are not **Defense Costs**: costs incurred by any Insured before notice is provided to us; salaries and expenses of your employees, including in-house and/or coverage attorneys, salaries and expenses of our employees, or our in-house or coverage attorneys or the fees and expenses of independent adjusters we hire.
- D. Discrimination** means termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law occurring on or after the Retroactive Date as shown in the Declarations.

This policy covers retaliation claims based on unlawful discrimination occurring on or after the Retroactive Date as shown on the Declarations Page, except as excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section IX.

- E. Employee** means an individual whose labor or service is engaged by and directed by the **Named Insured**, or any covered entity. This includes volunteers, part time, seasonal and temporary **Employees** as well as any individual employed in a supervisory, managerial or confidential position. Independent contractors and sub contractors are not **Employees** unless they are dedicated agents or representatives of an **Insured**. **Employees** who are leased to another employer are not **Employees**.
- F. Harassment** means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal, visual or physical conduct of a sexual or non-sexual nature, where such harassment occurs on or after the Retroactive Date as shown in the Declarations and is based on a factor or category prohibited by law (including sex, race, age, national origin, disability, etc.), that (1) explicitly or implicitly are made a condition of employment, (2) are used as a basis for employment decisions, or (3) create a work environment that interferes with performance.
- G. Inappropriate Employment Conduct** means any of the following occurring on or after the Retroactive Date as shown in the Declarations:
1. actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract;
 2. allegations of wrongful demotion, or wrongful discipline;
 3. allegations of misrepresentation made by an **Employee**, a former **Employee** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote;
 4. allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an **Employee**, a former **Employee** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote;
 5. allegations of false imprisonment, detention or malicious prosecution made by an **Employee**, a former **Employee** or an applicant for employment which arise from the **Insured's** an employment decision to hire, fire, promote or demote;
 6. allegations of libel, slander, defamation of character or any invasion of right of privacy made by an **Employee**, a former **Employee** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote; or
 7. other personal injury allegations made by an **Employee**, a former **Employee** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote.
- Inappropriate Employment Conduct** shall not include any allegations other than those set forth above.
- H. Insured Event** means actual or alleged acts of **Discrimination, Harassment, and/or Inappropriate Employment Conduct**, by an **Insured** against an **Employee** or former **Employee** or applicant for employment with an **Insured** entity occurring on or after the Retroactive Date as shown in the Declarations. **Insured Event** shall not include **Claims** for actual or alleged violation of any federal, state or local wage and hour laws or regulations.
- I. Laundry List Notification** means any attempt by an **Insured** to report multiple matters under this policy in a summary fashion that does not comply with **CONDITIONS** section VIII. **A. or B.** By way of example, a **Laundry List Notification** may consist of a report by an **Insured** that lists purported potential claimants, either in the absence of a **Claim**, or in the absence of an oral complaint.
- J. Loss** means damages, judgments (including prejudgment and post judgment interest awarded against an **Insured** on that part of any judgment paid by us), settlements, we authorize or agree to, statutory attorney fees and **Defense Costs**.

However, **Loss** does not include anything specifically excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section **IX**, or any of the following:

1. salary or wages of the **Insured**;
2. non-monetary relief (this provision does not apply to Defense Costs where non-monetary relief is sought for alleged **Harassment, Discrimination, Inappropriate Employment Conduct**;
3. payment of insurance plan benefits by or on behalf of retired **Employees**, or that to which a claimant would have been entitled as an **Employee** had any **Insured** provided the claimant with a continuation of insurance;
4. liquidated damages where there is a finding of wilfulness;
5. costs incurred by an **Insured** to modify or adapt any building or property in order to make such building or property more accessible or accommodating to any disabled person; costs associated with eliminating non-essential duties from the job description of a disabled person; costs associated with providing a disabled person with reasonable workplace accommodations; and costs associated with lost productivity by an employer as the result of making a reasonable workplace accommodation for a disabled person;
6. matters which may be deemed uninsurable according to the law under which this policy is construed;
7. amounts owed under federal, state or local wage and hour laws;
8. amounts owed under a contract of employment;
9. commissions, bonuses, profit sharing or benefits pursuant to a contract of employment, including but not limited to vacation, holiday, and/or sick pay;
10. severance payments or obligations to make payments;
11. amounts that are sought or deemed to be owed under partnership, stock or other ownership agreements;
12. fines, penalties and taxes; or
13. punitive or exemplary damages.

K. One Insured Event means (1) one or more covered allegations of **Discrimination, Harassment** and/or **Inappropriate Employment Conduct** which are related by an unbroken chain of events or (2) class action or multiple claimant or multiple plaintiff suits arising out of related **Insured Events**.

L. Subsidiary means any organization more than 50% owned by the Named Insured listed in the **Application**.

III. WHEN COVERAGE IS PROVIDED

- A.** This policy applies only to **Claims** arising out of an **Insured Event** first made or brought during the **Policy Period** and which are reported to us in accordance with the policy's notice provisions as set forth in **CONDITIONS** section **VIII. A. Duties in the Event of a Claim**. **Claims** are considered to be first made when it is first served or received by the **Insured**.
- B.** All **Claims** because of **One Insured Event** will be considered to have been made or brought on the date that the first of those **Claims** was first made or brought.
- C.** Limited Reporting Period: means the thirty (30) day period after the policy ends, during which **Claims** because of **Insured Events** which happen or commence during the **Policy Period** and are reported in accordance with section **I.** and **VIII.** of the policy can be made.
- D.** Extended Reporting Period. If you cancel this Policy or this Policy is non-renewed, you shall have the right to buy an Extended Reporting Period Endorsement providing an extended reporting period of up to twelve (12) months from the end of the Policy Period, or the effective date of cancellation, whichever is earlier, in exchange for your payment of an additional premium. You do not have this right, however, if we cancel for non payment of premium.

The Extended Reporting Period Endorsement will not be issued unless we receive a written request for it within thirty (30) days after this policy is cancelled or non-renewed, nor will it take effect unless the additional Premium is paid within thirty (30) days after this policy is cancelled or non-renewed. Once that Premium is paid the endorsement may not be cancelled and the additional Premium will be fully earned.

The additional premium for a 12 month Extended Reporting Period will be one hundred percent (100%) of the premium charged for the last Policy Period.

However, the Extended Reporting Period will not apply to any **Claim** if other insurance you buy covers you or would cover you if its limits of coverage had not been exhausted.

Coverage under the Extended Reporting Period is with respect to **Claims** first made against an **Insured** during the Policy Period or Extended Reporting Period and first reported by an **Insured** during the Extended Reporting Period, provided always that **Claims** reported during the Extended Reporting Period are limited to **Insured Events** which happen or commence before the original Policy Period ends by either cancellation or non-renewal and which are otherwise covered by this policy.

The **LIMIT OF LIABILITY** that applies at the end of the Policy Period is not renewed or increased and the Limits, as shown in the Declarations, shall not be increased in any way by the Limited Reporting Period or the addition of the Extended Reporting Period.

E. If, during the Policy Period, any of the following changes occur:

- 1.** the acquisition of an **Insured**, or of all or substantially all of its assets, by another entity, or the merger or consolidation of an **Insured** into or with another entity such that the **Insured** is not the surviving entity; or
- 2.** the obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate over fifty percent (50%) of the directors of an **Insured**.

coverage under this policy with respect to such **Insured** will continue in full force and effect with respect to **Claims** for **Insured Events** committed before such change, but coverage with respect to such **Insured** will cease with respect to **Claims** for **Insured Events** committed after such change. After any such change, this policy may not be cancelled, regardless of **CONDITIONS** section **VIII.F.** Cancellation, and the entire Premium for the policy will be deemed fully earned.

IV. WHERE COVERAGE IS PROVIDED

This policy covers **Claims** made and **Insured Events** occurring anywhere in the United States of America or its territories.

V. WHO IS INSURED

- A. Individual.** If you are shown in the Declarations as an individual, you and your spouse are **Insureds** but only for the conduct of a business of which you are the sole owner.
- B. Corporation.** If you are shown in the Declarations as a corporation or organization other than a partnership or joint venture, you are an **Insured**. Your stockholders are also **Insureds**, but only with respect to their liability as your stockholders.
- C. Partnership or Joint Venture.** If you are shown in the Declarations as a partnership or joint venture, you are an **Insured**. Your partners or co-venturers and their spouses are also **Insureds**, but only for the conduct of your business.

However, no person nor organization is covered for the conduct of any current or past partnership or joint venture not named in the Declarations.

- D. Other.** If you are a Limited Liability Corporation (LLC), or a Limited Liability Partnership ('LLP') of the Named Insured and you are shown in the Declarations as 'Other' you are an **Insured**. Your members, partners and shareholders are also **Insureds** but only with respect to the conduct of your business.

E. Employees. Your **Employees**, executive officers, directors and your trustees are **Insureds** only for the conduct of your business within the scope of their employment. Your **Employee's** status as an **Insured** will be determined as of the date of the **Discrimination, Harassment, Inappropriate Employment Conduct**, which caused an **Insured Event**.

F. Mergers and Acquisitions. Any organization that you newly acquire, form or merge with while this policy is in effect that has less than 10% of the total number of your **Employees** as of the inception date of this policy shall be an **Insured** at the time of such acquisition, merger or formation if you own at least fifty one percent (51%) of it. Within thirty (30) days prior to the expiration of the policy, the **Insured** shall give us written notice as to all such organizations. If you acquire, form or merge with any organization that has more than 10% of the total number of your **Employees** as of the inception date of this policy, such organization is also an **Insured** if you own at least fifty one (51%) of it; provided, however, no such organization is covered for more than forty five (45) days or the remainder of the Policy Period, whichever is less, from the date acquired, merged or formed unless we agree to cover such acquisition or newly formed organization within such forty five (45) day period in consideration of an additional Premium to be determined by us. Notwithstanding the foregoing, any acquired or formed organization is neither covered for **Loss** that results from an **Insured Event** that happened or first commenced before the **Insured** acquired or formed it; nor for **Loss** covered under any other insurance.

This provision does not apply to a partnership or joint venture. Nor does it apply to any organization once it is shown in the Declarations of this policy.

G. Subsidiary. Any organization more than 50% owned by the Named **Insured** and listed in the **Application** shall be an **Insured**.

VI. LIMIT OF LIABILITY

A. The amount shown at Item 4 (a) in the Declarations as the "Each Insured Event Limit" is the most we will pay for **Claims** first made or brought during the Policy Period for **Loss** that results from any **One Insured Event** regardless of the number of **Claims**.

B. The amount shown at Item 4 (b) in the Declarations as the "Aggregate Limit of Liability" is the most we will pay for the combined total of all **Claims** first made or brought during the Policy Period for **Loss** that result from all **Insured Events**.

If this Policy Period is extended, the Limits, as shown in the Declarations shall not in any way increase. For purposes of the **LIMIT OF LIABILITY**, any policy extension is considered to be part of and not in addition to the former Policy Period.

VII. SELF INSURED RETENTION

Our obligation to pay under this policy applies only to covered amounts in excess of any Self Insured Retention amount that the insured must pay, as shown in the Declarations, and the **LIMIT OF LIABILITY** will not be reduced by the amount of such Self Insured Retention.

The Self Insured Retention amount will apply separately to each **Claim** made, however, it will only apply once to all **Claims** arising out of any **One Insured Event** regardless of the number of claimants who allege damages.

If, prior to terminating or demoting an **Employee** the **Insured** consults with and follows the advice of a labor law attorney approved by our Authorized Representatives, as shown in Item 9 of the Declarations, then the **Insured's** Self Insured Retention is reduced by 50% in the event the **Insured** faces a **Claim** involving such termination or demotion.

VIII. CONDITIONS

We have no duty to provide coverage under this policy unless there has been full compliance with all the conditions contained in this policy.

A. Duties in the event of a Claim

1. You must see to it that we or our Authorized Representatives, as shown in the Declarations, are notified as soon as practicable but in no event more than thirty days (30) after any **Insured** who is a principal, partner, officer, director, trustee, in house counsel, Employee(s) within the HR Risk Management department or **Employee(s)** with personnel and risk management responsibilities, becomes aware that a **Claim** has been made. Your notification should include:
 - (a) the identity of the person(s) alleging **Discrimination, Harassment, Inappropriate Employment Conduct**;
 - (b) the identity of any Insured(s) who allegedly committed the **Discrimination, Harassment, Inappropriate Employment Conduct**;
 - (c) the identity of any witnesses to the alleged **Discrimination, Harassment, Inappropriate Employment Conduct**; and
 - (d) the date(s) an **Insured Event** took place.
2. You and any other **Insured** must:
 - (a) immediately send us or our Authorized Representatives, as shown in the Declarations, copies of any demands, notices, summonses or legal papers received in connection with the **Claim**;
 - (b) authorize us or our Authorized Representatives, as shown in the Declarations, to obtain statements, records and other information;
 - (c) co-operate with us or our Authorized Representatives, as shown in the Declarations, in the investigation or defense of the **Claim**; and
 - (d) assist us or our Authorized Representatives, as shown in the Declarations, in the enforcement of any right against any person or organization which may be liable to an Insured because of **Loss** to which this policy may also apply.
3. No **Insured** will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent. Subsequent payments that are deemed by us as having been prejudiced by any such voluntary payment will also be the sole responsibility of the **Insured**.

B. Report of a Potential Claim

Solely at an **Insured's** option, an **Insured** may within the Policy Period report an oral complaint by an **Employee**, former **Employee** or applicant for employment alleging **Discrimination, Harassment** and/or **Inappropriate Employment Conduct**. If such report is received by us or our Authorized Representatives, as shown in the Declarations, within the Policy Period then any **Claim** subsequently arising from such oral complaint will be deemed to be made on the date such report was received. Such report must include the identity of the person(s) making the oral complaint. In no event, however, is an **Insured** entitled to coverage under this policy based on a Laundry List Notification.

C. Legal Action Against Us

1. No person or organization has the right under this policy:
 - (a) to join us as a party or otherwise bring us into a suit asking for damages from an **Insured**; or
 - (b) to sue us on this policy unless all of its terms have been fully complied with.
2. A person or organization may sue us to recover on an agreed settlement or on final judgment against an **Insured** obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable **LIMIT OF LIABILITY**. An agreed settlement means a settlement and release of liability signed by us, an **Insured** and the claimant's legal representative.

D. Other Insurance

This policy shall be deemed primary insurance in connection with covered **Claims** by **Employees** against an Insured because of an **Insured Event**. In connection with any other covered **Claim**, this Policy shall apply in excess of all indemnity rights of an **Insured** and in excess of any other valid or collectible insurance available to any **Insured**. Nothing herein is intended to make this policy subject to the terms, conditions and limitations of any other insurance, and nothing herein is intended to limit our or any Insured's right to contribution or indemnity from any other party, insurer or indemnitor.

E. Premium

The Premium shown in the Declarations is for the Policy Period shown in the Declarations.

F. Cancellation

You may only cancel this policy by mailing to us written notice stating when, not less than thirty (30) days thereafter such cancellation shall be effective. We may cancel this policy for any reason, including non-payment of Premium, by mailing to the Named Insured at the address shown in the Declarations, written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation as stated in the notice shall become the end of the Policy Period. Delivery of such written notice shall be equivalent to mailing.

If this policy is cancelled, we will send the first Named Insured any unearned premium refund due. If we cancel, the refund will be pro rata. Refund Premium adjustments may be made at the time cancellation becomes effective, but payment or tender of unearned Premium is not a condition of cancellation.

If you cancel, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund. However, Premium shall be deemed fully earned if any **Claim** under this policy is reported to us on or before the date of cancellation.

G. Representations

By accepting this policy you agree:

1. all statements in the **Application** and any attachments as well as all other information provided to us are true and complete and shall be deemed material to the acceptance of the risk or the hazard assumed by us under this policy;
2. those statements are based upon representations you made to us;
3. we have issued this policy in reliance upon your representations;
4. in the event that any statement or representation in the **Application** is untrue, this Policy in its entirety shall be void at inception and of no effect whatsoever; and
5. to disclose any material facts you become aware of between the time that the **Application** for this policy is signed and the policy inception date.

The truth of any statement or representation in the **Application** shall be determined without regard to whether any **Insured** knew the **Application** contained such untrue statement or representation.

H. When We Do Not Renew

If we decide not to renew this policy, we will mail or deliver to the **Named Insured** shown in the Declarations, written notice of the non-renewal not less than sixty (60) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient notice of non-renewal.

I. Transfer Of Rights Of Recovery Against Others to Us

If any Insured has rights to recover all or part of any payments we have made under this policy, those rights are transferred to us; the **Insured** must do nothing after a Loss to impair them. At our request, any **Insured** will bring suit or transfer those rights to us and help us to enforce them.

J. Bankruptcy

Bankruptcy or insolvency of any **Insured** or of an **Insured's** estate will not relieve us of our obligations under this policy, except as excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section **IX**.

K. False Or Fraudulent Claims

If any **Insured** shall proffer any **Claim** knowing the same to be false or fraudulent as regards amount or otherwise, this policy will become void in its entirety and all coverage hereunder shall be forfeited.

IX. EXCLUSIONS: WHAT IS NOT COVERED

- A. Workers' Compensation/ERISA/FLSA/NRLA/WARN/COBRA/OSHA.** This policy does not cover any **Loss** arising out of any **Claim** alleging violation of any: i) worker's compensation, disability benefits or unemployment compensation law, social security and other employment benefits law; ii) the Employee Retirement Income Security Act of 1974 Public Law 93-406; iii) the Fair Labor Standards Act (except the Equal Pay Act); (iv) the National Labor Relations Act; (v) the Worker Adjustment and Retraining Notification Act; (vi) the Consolidated Omnibus Budget Reconciliation Act of 1985; (vii) the Occupational Safety and Health Act; (viii) any other federal, state or local statute or law similar to any statute or law described in (i) through (vii) of this exclusion; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant on account of the claimant's exercise of rights pursuant to such statute, law, rule or regulation.
- B. Contractual Liability.** This policy does not cover any **Loss** based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any **Claim** any **Insured** is obligated to pay by reason of the assumption of another's liability for an **Insured Event** in a contract or agreement. This exclusion will not apply to liability for damages because of an **Insured Event** that any **Insured** would have without the contract or agreement.
- C. Consequential Loss.** This policy does not cover any **Loss** resulting from or attributable to any allegations made by or solely for the benefit of a claimant's domestic partner, spouse, child, parent, brother or sister.
- D. Wage and Hour Law.** This policy does not cover any **Loss** arising out of a claim based upon, arising out of, directly or indirectly in connection with, related to or in any way alleging violation of any state or local wage and hour law, however, in the event such **Claim** also alleges an **Insured Event** otherwise covered by this policy, notwithstanding the provisions of section **I.D. Defense**, and subject to all other terms, conditions and exclusion contained in this policy, we agree to pay loss solely for that portion of the claim involving such **Insured Event**.
- E. Stock Options.** This policy does not cover any **Loss** resulting from or attributable to stock options, including, without limitation, 1) the failure to grant stock options and/or 2) amounts attributable to unvested stock options which options did not vest because of the actual or alleged wrongful termination of an **Employee**.
- F. Fraud and Collusion.** This policy does not cover any **Loss** based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any **Claim** alleging fraud, collusion, dishonest, criminal or malicious acts by or at the direction of an **Insured**. Without limiting the foregoing, we will pay **Defense Costs** incurred relating to allegations of fraud, collusion, dishonest, criminal or malicious acts to defend an innocent **Insured** named in such **Claim** so long as such **Claim** also contains allegations against that innocent **Insured** involving an **Insured Event** otherwise covered by this policy.
- G. Prior Knowledge.** This policy does not cover any **Loss** arising out of **Insured Events** of which any **Insured** who is a principal, partner, officer, director, trustee, in-house counsel, Employee(s) within the HR or Risk Management department or Employee(s) with personnel and risk management responsibilities was aware by actual knowledge of the facts or circumstances of such **Insured Event** prior to the Prior Knowledge Date, as shown in the Declarations.

- H. Prior Notice.** This policy does not cover any **Loss** arising out of **Insured Events** that have been the subject of any notice given under any other policy prior to the inception date of this policy.
- I. Punitive Damages.** This endorsement does not cover any **Loss** arising out of any fines, penalties, punitive damages, exemplary damages or any additional damages resulting from the multiplication of compensatory damages (referred to herein collectively as "Punitive Damages"), except that if a suit is brought against the Named Insured on a **Claim** falling within the coverage hereof, seeking both compensatory and Punitive Damages, then we will afford a defense to such action, without liability, however, for such Punitive Damages; provided further, that our obligation to provide such defense for Punitive Damages shall terminate when the **Claim** for compensatory damages in such action is terminated or paid through judgment or settlement and, in no event, shall we afford a defense for Punitive Damages after the Limit of Liability for compensatory damages has been paid.
- J. Retroactive Date.** This policy does not cover any **Loss** arising out of any **Insured Events** that first occurred on or before the Retroactive Date as set forth in the Declarations. For the purposes of this exclusion, related **Insured Events** are excluded if the first related **Insured Event** took place or is alleged to have taken place prior to the Retroactive Date.

**EMPLOYMENT PRACTICES LIABILITY INSURANCE - PREFERRED**

THIS IS A CLAIMS MADE AND REPORTED POLICY. AMOUNTS INCURRED AS DEFENSE COST SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE INSURER SHALL NOT BE LIABLE FOR ANY DEFENSE COST OR FOR ANY JUDGEMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED.

The consideration for our issuing this policy is the payment of Premium; in issuing the policy, we have relied upon all statements made to us in the **Application** and any attachments and all other information provided to us.

Throughout this policy the words "**you**" and "**your**" refer to the **Named Insured** shown in the Declarations.

Under this policy the words "**we**", "**us**" and "**our**" refer to the Underwriters providing this insurance.

The word "Insured" means any person or organization qualifying as such under **WHO IS INSURED**.

READ THIS POLICY CAREFULLY TO DETERMINE THE EXTENT OF COVERAGE. IMPORTANT: THIS IS A CLAIMS FIRST MADE AND REPORTED POLICY WHICH INCLUDES COSTS OF DEFENSE WITHIN THE LIMIT OF LIABILITY.

I. COVERAGE: WHAT IS COVERED

A. We will pay **Loss** amounts that an **Insured** is legally obligated to pay on account of a **Claim** because of an **Insured Event** to which this policy applies. However, the amount we will pay is limited as described in the **LIMIT OF LIABILITY** and **SELF INSURED RETENTION** sections of this policy.

B. We will pay **Loss** amounts that an **Insured** is legally obligated to pay on account of a claim because of a **Third Party Insured Event** to which this policy applies. The amount we will pay is limited as described in the **LIMIT OF LIABILITY** and **SELF INSURED RETENTION** sections of this policy.

C. This policy applies only if:

(1) A **Claim** is first made against an **Insured** in accordance with **WHEN COVERAGE IS PROVIDED**;

(2) The **Claim** is reported in accordance with **WHEN COVERAGE IS PROVIDED** and **CONDITIONS** section **VIII.A. Duties in the event of a Claim**;

(3) A **Claim** is first made against an **Insured** in accordance with **WHERE COVERAGE IS PROVIDED**; and

(4) A **Claim** is first made against an **Insured** based upon an **Insured Event** or a **Third Party Insured Event** that first occurred after the Retroactive Date set forth in the Declarations.

D. Defense. We have the right and duty to defend any **Claim** for an **Insured Event** or a **Third Party Insured Event** made or brought against any **Insured** to which this policy applies. We have the right to choose counsel to defend a **Claim** that we are covering. We have no duty to provide other services or take other actions. Our duty to defend any **Claim** ends when the **LIMIT OF LIABILITY** that applies has been exhausted, and in such event, the **Named Insured** shall, upon notice from us, promptly take over control of the defense

We have the right to investigate and to settle any **Claim** for an **Insured Event** or a **Third Party Insured Event**, in the manner and to the extent that we believe is proper, contingent upon the consent of the **Named Insured** as defined in this policy. This includes the right to agree to post a notice of compliance, provided such notice does not contain an admission of liability.

You may take over control of any outstanding **Claim** previously reported to us only if we both agree that you should, if required under law or if a court orders you to do so.

If your **LIMIT OF LIABILITY** is exhausted, we will notify you of all outstanding **Claims** so that you can take over control of their defense. We will help to transfer control to you.

E. During the transfer of control. We agree to take whatever steps are necessary to continued the defense of any outstanding **Claim** and avoid a default judgment during the transfer of control to you. If we do so, you agree to pay reasonable expenses that we incur for taking such steps after the **LIMIT OF LIABILITY** is exhausted.

F. Duty to pay. We have the duty to pay any **Loss** (after you pay the applicable self-insured retention) that results from any **Claim** for an **Insured Event** or **Third Party Insured Event**, made or brought against any **Insured** to which this policy applies. Our duty to pay ends when the applicable **LIMIT OF LIABILITY** has been exhausted. We will not pay more than the applicable **LIMIT OF LIABILITY**.

We have the duty to pay **Defense Costs** incurred (after you pay the applicable self-insured retention) for the defense of any **Claim** that is controlled by us. Any payment of **Defense Costs** is included in the **LIMIT OF LIABILITY**, it is not in addition to the **LIMIT OF LIABILITY**.

G. Recommended Settlements. As respects any **Claim** for which we recommend that a settlement offer be accepted but you do not give your consent to such settlement, and the **Claim** later results in a judgment or settlement in excess of the recommended settlement, our liability for **Loss** on account of such **Claim** shall not exceed: (1) the amount for which the **Claim** could have been settled plus **Defense Costs** incurred as of the date we recommended the settlement plus (2) 70% of covered **Loss** excess of the proposed settlement as long as 30% is borne by the Insured at its own risk. This provision shall not apply unless the total **Loss**, including the recommended settlement, would exceed the applicable Retention amount.

II. DEFINITIONS

A. Application means each and every signed **Application**, any attachments to such **Applications**, other materials submitted therewith and incorporated therein and any other such documents submitted in connection with the underwriting of this policy or the underwriting of any other employment practices liability policy issued by us, or any of our affiliates, of which this policy is a renewal, replacement or which succeed it in time.

B. Claim(s) means a written complaint or written charge made against an **Insured** or a written demand made against an **Insured** in which damages are alleged or where specific charges of **Discrimination, Harassment, Inappropriate Employment Conduct and/or Inappropriate Third Party Conduct** are brought.

Claim includes a civil action, suit or administrative proceeding, to which any Insured must submit or to which any **Insured** submits with our consent.

But **Claim** shall not mean any labor or grievance arbitration subject to a collective bargaining agreement; or any complaint, writ or other proceeding in which an **Insured** is alleged to have committed or engaged in a criminal offense or violation of a federal, state or local penal law.

C. Defense Costs means those reasonable and necessary expenses that result from the investigation, settlement or defense of a specific **Claim** including attorney fees and expenses, the cost of legal proceedings, the cost of appeal bonds, the cost of bonds to release property being used to secure a legal obligation (but only for bond amounts within the **LIMIT OF LIABILITY** that applies). We have no obligation to furnish any bonds.

The following are not **Defense Costs**: costs incurred by any Insured before notice is provided to us; salaries and expenses of your employees, including in-house and/or coverage attorneys, salaries and expenses of our employees, or our in-house or coverage attorneys or the fees and expenses of independent adjusters we hire.

D. Discrimination means termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because of race, color, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by federal, state or local law occurring on or after the Retroactive Date as shown in the Declarations.

This policy covers retaliation claims based on unlawful discrimination occurring on or after the Retroactive Date as shown on the Declarations Page, except as excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section IX.

E. Employee means an individual whose labor or service is engaged by and directed by the **Named Insured**, or any covered entity. This includes volunteers, part time, seasonal and temporary **Employees** as well as any individual employed in a supervisory, managerial or confidential position. Independent contractors and sub contractors are not **Employees** unless they are dedicated agents or representatives of an **Insured**. **Employees** who are leased to another employer are not **Employees**.

F. Harassment means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal, visual or physical conduct of a sexual or non-sexual nature, where such harassment occurs on or after the Retroactive Date as shown in the Declarations and is based on a factor or category prohibited by law (including sex, race, age, national origin, disability, etc.), that (1) explicitly or implicitly are made a condition of employment, (2) are used as a basis for employment decisions, or (3) create a work environment that interferes with performance.

G. Inappropriate Employment Conduct means any of the following occurring on or after the Retroactive Date as shown in the Declarations:

1. actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract;
2. allegations of wrongful demotion, or wrongful discipline;
3. allegations of misrepresentation made by an **Employee**, a former **Employee** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote;
4. allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an **Employee**, a former **Employee** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote;
5. allegations of false imprisonment, detention or malicious prosecution made by an **Employee**, a former **Employee** or an applicant for employment which arise from the **Insured's** an employment decision to hire, fire, promote or demote;
6. allegations of libel, slander, defamation of character or any invasion of right of privacy made by an **Employee**, a former **Employee** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote; or
7. other personal injury allegations made by an **Employee**, a former **Employee** or an applicant for employment which arise from an **Insured's** employment decision to hire, fire, promote or demote.

Inappropriate Employment Conduct shall not include any allegations other than those set forth above.

H. Inappropriate Third Party Conduct means actual or alleged acts of discrimination or harassment by an Insured against any natural person who is not an Employee. Inappropriate Third Party Conduct shall not include actual or alleged acts of assault or battery.

I. Insured Event means actual or alleged acts of **Discrimination**, **Harassment**, and/or **Inappropriate Employment Conduct**, by an **Insured** against an **Employee** or former **Employee** or applicant for employment with an **Insured** entity occurring on or after the Retroactive Date as shown in the Declarations. **Insured Event** shall not include **Claims** for actual or alleged violation of any federal, state or local wage and hour laws or regulations.

J. Laundry List Notification means any attempt by an **Insured** to report multiple matters under this policy in a summary fashion that does not comply with **CONDITIONS** section **VIII. A. or B.** By way of example, a **Laundry List Notification** may consist of a report by an **Insured** that lists purported potential claimants, either in the absence of a **Claim**, or in the absence of an oral complaint.

K. Loss means damages, punitive damages, judgments (including prejudgment and post judgment interest awarded against an **Insured** on that part of any judgment paid by us), settlements, we authorize or agree to, statutory attorney fees and **Defense Costs**.

With respect to punitive damages, we will pay such damages as **Loss** so long as we are permitted to do so under the law of the most favourable applicable jurisdiction.

However, **Loss** does not include anything specifically excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section **IX**, or any of the following:

1. salary or wages of the **Insured**;
2. non-monetary relief (this provision does not apply to Defense Costs where non-monetary relief is sought for alleged **Harassment, Discrimination, Inappropriate Employment Conduct**;
3. payment of insurance plan benefits by or on behalf of retired **Employees**, or that to which a claimant would have been entitled as an **Employee** had any **Insured** provided the claimant with a continuation of insurance;
4. liquidated damages where there is a finding of wilfulness;
5. costs incurred by an **Insured** to modify or adapt any building or property in order to make such building or property more accessible or accommodating to any disabled person; costs associated with eliminating non-essential duties from the job description of a disabled person; costs associated with providing a disabled person with reasonable workplace accommodations; and costs associated with lost productivity by an employer as the result of making a reasonable workplace accommodation for a disabled person;
6. matters which may be deemed uninsurable according to the law under which this policy is construed;
7. amounts owed under federal, state or local wage and hour laws;
8. amounts owed under a contract of employment;
9. commissions, bonuses, profit sharing or benefits pursuant to a contract of employment, including but not limited to vacation, holiday, and/or sick pay;
10. severance payments or obligations to make payments;
11. amounts that are sought or deemed to be owed under partnership, stock or other ownership agreements;
12. fines, penalties and taxes; or

L. One Insured Event means (1) one or more covered allegations of **Discrimination, Harassment** and/or **Inappropriate Employment Conduct** which are related by an unbroken chain of events or (2) class action or multiple claimant or multiple plaintiff suits arising out of related **Insured Events**.

M. One Third Party Insured Event means one or more covered allegations of Inappropriate Third Party Conduct which are related by an unbroken chain of events.

N. Subsidiary means any organization more than 50% owned by the Named Insured listed in the **Application**.

O. Third Party Insured Event means actual or alleged acts of Inappropriate Third Party Conduct by an Insured against any natural person who is not an Employee of any Insured.

III. WHEN COVERAGE IS PROVIDED

- A. This policy applies only to **Claims** arising out of an **Insured Event** or **Third Party Insured Events**, first made or brought during the **Policy Period** and which are reported to us in accordance with the policy's notice provisions as set forth in **CONDITIONS** section **VIII. A. Duties in the Event of a Claim**. **Claims** are considered to be first made when it is first served or received by the **Insured**.
- B. All **Claims** because of **One Insured Event** or **Third Party Insured Events**, will be considered to have been made or brought on the date that the first of those **Claims** was first made or brought.
- C. Limited Reporting Period: means the thirty (30) day period after the policy ends, during which **Claims** because of **Insured Events** or **Third Party Insured Events**, which happen or commence during the **Policy Period** and are reported in accordance with section **I.** and **VIII.** of the policy can be made.
- D. Extended Reporting Period. If this policy is non-renewed or cancelled, an Extended Reporting Period of either twelve (12) months, twenty four (24) months or thirty six (36) months from the end of the Policy Period, or the effective date of cancellation, whichever is earlier, can be added by us issuing you an Extended Reporting Period Endorsement in exchange for you payment of an additional premium.

The Extended Reporting Period Endorsement will not be issued unless we receive a written request for it within thirty (30) days after this policy is cancelled or non-renewed, nor will it take effect unless the additional Premium is paid within thirty (30) days after this policy is cancelled or non-renewed. Once that Premium is paid the endorsement may not be cancelled and the additional Premium will be fully earned.

The additional premium for a 12 month Extended Reporting Period will be one hundred percent (100%) of the premium charged for the last Policy Period. The additional premium for a 24 month Extended Reporting Period will be one hundred and fifty percent (150%) of the premium charged for the last Policy Period. The additional premium for a 36 month Extended Reporting Period will be one hundred and seventy-five percent (175%) of the premium charged for the last Policy Period.

However, the Extended Reporting Period will not apply to any **Claim** if other insurance you buy covers you or would cover you if its limits of coverage had not been exhausted.

Coverage under the Extended Reporting Period is with respect to **Claims** first made against an **Insured** during the Policy Period or Extended Reporting Period and first reported by an **Insured** during the Extended Reporting Period, provided always that **Claims** reported during the Extended Reported Period are limited to **Insured Events** or **Third Party Insured Events** which happen or commence before the original Policy Period ends by either cancellation or non-renewal and which are otherwise covered by this policy.

The **LIMIT OF LIABILITY** that applies at the end of the Policy Period is not renewed or increased and the Limits, as shown in the Declarations, shall not be increased in any way by the Limited Reporting Period or the addition of the Extended Reporting Period.

- E. If, during the Policy Period, any of the following changes occur:
 - 1. the acquisition of an **Insured**, or of all or substantially all of its assets, by another entity, or the merger or consolidation of an **Insured** into or with another entity such that the **Insured** is not the surviving entity; or
 - 2. the obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate over fifty percent (50%) of the directors of an **Insured**.

coverage under this policy with respect to such **Insured** will continue in full force and effect with respect to **Claims** for **Insured Events** or **Third Party Insured Events** committed before such change, but coverage with respect to such **Insured** will cease with respect to **Claims** for **Insured Events** or **Third Party Insured Events** committed after such change. After any such change, this policy may not be cancelled, regardless of **CONDITIONS** section **VIII.F.** Cancellation, and the entire Premium for the policy will be deemed fully earned.

IV. WHERE COVERAGE IS PROVIDED

This policy covers **Claims** made and **Insured Events** or **Third Party Insured Events**, occurring anywhere in the United States of America or its territories.

V. WHO IS INSURED

A. Individual. If you are shown in the Declarations as an individual, you and your spouse are **Insureds** but only for the conduct of a business of which you are the sole owner.

B. Corporation. If you are shown in the Declarations as a corporation or organization other than a partnership or joint venture, you are an **Insured**. Your stockholders are also **Insureds**, but only with respect to their liability as your stockholders.

C. Partnership or Joint Venture. If you are shown in the Declarations as a partnership or joint venture, you are an **Insured**. Your partners or co-venturers and their spouses are also **Insureds**, but only for the conduct of your business.

However, no person nor organization is covered for the conduct of any current or past partnership or joint venture not named in the Declarations.

D. Other. If you are a Limited Liability Corporation (LLC), or a Limited Liability Partnership ('LLP') of the Named Insured and you are shown in the Declarations as 'Other' you are an **Insured**. Your members, partners and shareholders are also **Insureds** but only with respect to the conduct of your business.

E. Employees. Your **Employees**, executive officers, directors and your trustees are **Insureds** only for the conduct of your business within the scope of their employment. Your **Employee's** status as an **Insured** will be determined as of the date of the **Discrimination, Harassment, Inappropriate Employment Conduct** or a **Third Party Inappropriate Employment Conduct**, which caused an **Insured Event** or a **Third Party Insured Event**.

F. Mergers and Acquisitions. Any organization that you newly acquire, form or merge with while this policy is in effect that has less than 10% of the total number of your **Employees** as of the inception date of this policy shall be an **Insured** at the time of such acquisition, merger or formation if you own at least fifty one percent (51%) of it. Within thirty (30) days prior to the expiration of the policy, the **Insured** shall give us written notice as to all such organizations. If you acquire, form or merge with any organization that has more than 10% of the total number of your **Employees** as of the inception date of this policy, such organization is also an **Insured** if you own at least fifty one (51%) of it; provided, however, no such organization is covered for more than forty five (45) days or the remainder of the Policy Period, whichever is less, from the date acquired, merged or formed unless we agree to cover such acquisition or newly formed organization within such forty five (45) day period in consideration of an additional Premium to be determined by us. Notwithstanding the foregoing, any acquired or formed organization is neither covered for **Loss** that results from an **Insured Event** or a **Third Party Insured Event** that happened or first commenced before the **Insured** acquired or formed it; nor for **Loss** covered under any other insurance.

This provision does not apply to a partnership or joint venture. Nor does it apply to any organization once it is shown in the Declarations of this policy.

G. Subsidiary. Any organization more than 50% owned by the Named **Insured** and listed in the **Application** shall be an **Insured**.

VI. LIMIT OF LIABILITY

A. The amount shown at Item 4 (a) in the Declarations is the most we will pay for any one **Claim** first made or brought during the Policy Period, regardless of the total number of **Claims** brought during the Policy Period.

B. The amount shown at Item 4 (b) in the Declarations is the most we will pay for punitive, exemplary and multiple damages where insurable by applicable law most favourable to the Insured.

- C. The amount shown at Item 4 (c) in the Declarations is the most we will pay for the combined total of all **Claims** first made or brought during the Policy Period for **Loss** that results from all **Insured Events, Third Party Insured Events** and punitive, exemplary and multiple damages where applicable.

If this Policy Period is extended, the Limits, as shown in the Declarations shall not in any way increase. For purposes of the **LIMIT OF LIABILITY**, any policy extension is considered to be part of and not in addition to the former Policy Period.

VII. SELF INSURED RETENTION

Our obligation to pay under this policy applies only to covered amounts in excess of any Self Insured Retention amount that the insured must pay, as shown in the Declarations, and the **LIMIT OF LIABILITY** will not be reduced by the amount of such Self Insured Retention.

The Self Insured Retention amount will apply separately to each **Claim** made, however, it will only apply once to all **Claims** arising out of any **One Insured Event** or a **Third Party Insured Event** regardless of the number of claimants who allege damages.

If, prior to terminating or demoting an **Employee** the **Insured** consults with and follows the advice of a labor law attorney approved by our Authorized Representatives, as shown in Item 9 of the Declarations, then the **Insured's** Self Insured Retention is reduced by 50% in the event the **Insured** faces a **Claim** involving such termination or demotion.

VIII. CONDITIONS

We have no duty to provide coverage under this policy unless there has been full compliance with all the conditions contained in this policy.

A. Duties in the event of a Claim

1. You must see to it that we or our Authorized Representatives, as shown in the Declarations, are notified as soon as practicable but in no event more than thirty days (30) after any **Insured** who is a principal, partner, officer, director, trustee, in house counsel, Employee(s) within the HR Risk Management department or **Employee(s)** with personnel and risk management responsibilities, becomes aware that a **Claim** has been made. Your notification should include:
 - (a) the identity of the person(s) alleging **Discrimination, Harassment, Inappropriate Employment Conduct** and/or **Inappropriate Third Party Conduct**;
 - (b) the identity of any Insured(s) who allegedly committed the **Discrimination, Harassment, Inappropriate Employment Conduct** and/or **Inappropriate Third Party Conduct**;
 - (c) the identity of any witnesses to the alleged **Discrimination, Harassment, Inappropriate Employment Conduct**; and
 - (d) the date(s) an **Insured Event** took place.
2. You and any other **Insured** must:
 - (a) immediately send us or our Authorized Representatives, as shown in the Declarations, copies of any demands, notices, summonses or legal papers received in connection with the **Claim**;
 - (b) authorize us or our Authorized Representatives, as shown in the Declarations, to obtain statements, records and other information;
 - (c) co-operate with us or our Authorized Representatives, as shown in the Declarations, in the investigation or defense of the **Claim**; and
 - (d) assist us or our Authorized Representatives, as shown in the Declarations, in the enforcement of any right against any person or organization which may be liable to an Insured because of **Loss** to which this policy may also apply.

3. No **Insured** will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent. Subsequent payments that are deemed by us as having been prejudiced by any such voluntary payment will also be the sole responsibility of the **Insured**.

B. Report of a Potential Claim

Solely at an **Insured's** option, an **Insured** may within the Policy Period report an oral complaint. If such report is received by us or our Authorized Representatives, as shown in the Declarations, within the Policy Period then any **Claim** subsequently arising from such oral complaint will be deemed to be made on the date such report was received. Such report must include the identity of the person(s) making the oral complaint. In no event, however, is an **Insured** entitled to coverage under this policy based on a **Laundry List Notification**.

C. Legal Action Against Us

1. No person or organization has the right under this policy:
 - (a) to join us as a party or otherwise bring us into a suit asking for damages from an **Insured**; or
 - (b) to sue us on this policy unless all of its terms have been fully complied with.
2. A person or organization may sue us to recover on an agreed settlement or on final judgment against an **Insured** obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable **LIMIT OF LIABILITY**. An agreed settlement means a settlement and release of liability signed by us, an **Insured** and the claimant's legal representative.

D. Other Insurance

This policy shall be deemed primary insurance in connection with covered **Claims** by **Employees** against an **Insured** because of an **Insured Event**. In connection with any other covered **Claim**, this Policy shall apply in excess of all indemnity rights of an **Insured** and in excess of any other valid or collectible insurance available to any **Insured**. Nothing herein is intended to make this policy subject to the terms, conditions and limitations of any other insurance, and nothing herein is intended to limit our or any **Insured's** right to contribution or indemnity from any other party, insurer or indemnitor.

E. Premium

The Premium shown in the Declarations is for the Policy Period shown in the Declarations.

F. Cancellation

You may only cancel this policy by mailing to us written notice stating when, not less than thirty (30) days thereafter such cancellation shall be effective. We may cancel this policy for any reason, including non-payment of Premium, by mailing to the Named **Insured** at the address shown in the Declarations, written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation as stated in the notice shall become the end of the Policy Period. Delivery of such written notice shall be equivalent to mailing.

If this policy is cancelled, we will send the first Named **Insured** any unearned premium refund due. If we cancel, the refund will be pro rata. Refund Premium adjustments may be made at the time cancellation becomes effective, but payment or tender of unearned Premium is not a condition of cancellation.

If you cancel, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund. However, Premium shall be deemed fully earned if any **Claim** under this policy is reported to us on or before the date of cancellation.

G. Representations

By accepting this policy you agree:

1. all statements in the **Application** and any attachments as well as all other information provided to us are true and complete and shall be deemed material to the acceptance of the risk or the hazard assumed by us under this policy;

2. those statements are based upon representations you made to us;
3. we have issued this policy in reliance upon your representations;
4. in the event that any statement or representation in the **Application** is untrue, this Policy in its entirety shall be void at inception and of no effect whatsoever; and
5. to disclose any material facts you become aware of between the time that the **Application** for this policy is signed and the policy inception date.

The truth of any statement or representation in the **Application** shall be determined without regard to whether any **Insured** knew the **Application** contained such untrue statement or representation.

H. When We Do Not Renew

If we decide not to renew this policy, we will mail or deliver to the **Named Insured** shown in the Declarations, written notice of the non-renewal not less than sixty (60) days before the expiration date.

If notice is mailed, proof of mailing will be sufficient notice of non-renewal.

I. Transfer Of Rights Of Recovery Against Others to Us

If any Insured has rights to recover all or part of any payments we have made under this policy, those rights are transferred to us; the **Insured** must do nothing after a Loss to impair them. At our request, any **Insured** will bring suit or transfer those rights to us and help us to enforce them.

J. Bankruptcy

Bankruptcy or insolvency of any **Insured** or of an **Insured's** estate will not relieve us of our obligations under this policy, except as excluded in **EXCLUSIONS: WHAT IS NOT COVERED** section **IX**.

K. False Or Fraudulent Claims

If any **Insured** shall proffer any **Claim** knowing the same to be false or fraudulent as regards amount or otherwise, this policy will become void in its entirety and all coverage hereunder shall be forfeited.

IX. EXCLUSIONS: WHAT IS NOT COVERED

- A. Workers' Compensation/ERISA/FLSA/NRLA/WARN/COBRA/OSHA.** This policy does not cover any **Loss** arising out of any **Claim** alleging violation of any: i) worker's compensation, disability benefits or unemployment compensation law, social security and other employment benefits law; ii) the Employee Retirement Income Security Act of 1974 Public Law 93-406; iii) the Fair Labor Standards Act (except the Equal Pay Act); (iv) the National Labor Relations Act; (v) the Worker Adjustment and Retraining Notification Act; (vi) the Consolidated Omnibus Budget Reconciliation Act of 1985; (vii) the Occupational Safety and Health Act; (viii) any other federal, state or local statute or law similar to any statute or law described in (i) through (vii) of this exclusion; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant on account of the claimant's exercise of rights pursuant to such statute, law, rule or regulation.
- B. Contractual Liability.** This policy does not cover any **Loss** based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any **Claim** any **Insured** is obligated to pay by reason of the assumption of another's liability for an **Insured Event** or a **Third Party Insured Event** in a contract or agreement. This exclusion will not apply to liability for damages because of an **Insured Event** or a **Third Party Insured Event** that any **Insured** would have without the contract or agreement.
- C. Consequential Loss.** This policy does not cover any **Loss** resulting from or attributable to any allegations made by or solely for the benefit of a claimant's domestic partner, spouse, child, parent, brother or sister.

- D. Wage and Hour Law.** This policy does not cover any **Loss** arising out of a claim based upon, arising out of, directly or indirectly in connection with, related to or in any way alleging violation of any state or local wage and hour law. This exclusion will not apply to any **Claim** of any actual or alleged retaliatory treatment of the claimant on account of the claimants exercise of rights pursuant to any such wage and hour law.
- E. Stock Options.** This policy does not cover any **Loss** resulting from or attributable to stock options, including, without limitation, 1) the failure to grant stock options and/or 2) amounts attributable to unvested stock options which options did not vest because of the actual or alleged wrongful termination of an **Employee**.
- F. Fraud and Collusion.** This policy does not cover any **Loss** based upon, arising out of, directly or indirectly in connection with, related to, or in any way involving any **Claim** alleging fraud, collusion, dishonest, criminal or malicious acts by or at the direction of an **Insured**. Without limiting the foregoing, we will pay **Defense Costs** incurred relating to allegations of fraud, collusion, dishonest, criminal or malicious acts to defend an innocent Insured named in such **Claim** so long as such **Claim** also contains allegations against that innocent **Insured** involving an **Insured Event** otherwise covered by this policy.
- G. Prior Knowledge.** This policy does not cover any **Loss** arising out of **Insured Events** or **Third Party Insured Events** of which any **Insured** who is a principal, partner, officer, director, trustee, in-house counsel, Employee(s) within the HR or Risk Management department or Employee(s) with personnel and risk management responsibilities was aware by actual knowledge of the facts or circumstances of such **Insured Event** or **Third Party Insured Events** prior to the Prior Knowledge Date, as shown in the Declarations.
- H. Prior Notice.** This policy does not cover any **Loss** arising out of **Insured Events** or **Third Party Insured Events** that have been the subject of any notice given under any other policy prior to the inception date of this policy.
- I. Retroactive Date.** This policy does not cover any **Loss** arising out of any **Insured Events** or **Third Party Insured Events** that first occurred on or before the Retroactive Date as set forth in the Declarations. For the purposes of this exclusion, multiple **Insured Events** and **Third Party Insured Events** that are related are excluded if the first such related **Insured Event** or **Third Party Insured Event** took place or is alleged to have taken place prior to the Retroactive Date.



FARMERS

J6576
1st Edition

EMPLOYMENT PRACTICES LIABILITY - EXTENDED REPORTING PERIOD

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

EMPLOYMENT PRACTICES LIABILITY COVERAGE FORM - STANDARD

EMPLOYMENT PRACTICES LIABILITY COVERAGE FORM - PREFERRED

In consideration of an additional premium of \$_____ charged for the Extended Reporting Period, it is agreed that the Named Insured has invoked the _____ month Extended Reporting Period pursuant to Clause **III. D.** of this Policy.

The purchase of the Extended Reporting Period shall not in any way increase the Policy's **Limit of Liability** set forth in Item **4.** of the Declarations.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

Arkansas
Consent Form

**ACKNOWLEDGEMENT THAT DEFENSE COSTS ARE WITHIN
THE LIMIT OF LIABILITY FOR A POLICY WITH AN AGGREGATE
LIMIT OF LIABILITY OF \$500,000 OR GREATER**

Execution of this Consent Form is required by the Arkansas Department of Insurance in order to issue this policy with **Defense Costs** being within the applicable Limit of Liability.

The undersigned is authorized to sign this ARKANSAS CONSENT FORM on behalf of the **Named Insured** and all **Insureds**.

I, acting on behalf of the **Named Insured** and all **Insureds** under this policy, hereby acknowledge that I understand that **Defense Costs** will reduce and may completely exhaust the applicable Limit of Liability and will be applied against the Self Insured Retention under this policy. If **Defense Costs** completely exhaust the applicable Limit of Liability, the Insurer will have no further obligation for **Defense Costs** or any judgment or settlement.

This Consent Form is made a part of the policy upon issuance.

Signature of Authorized Individual

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ I CAREFULLY.

S1855
ARKANSAS
1ST Edition

ARKANSAS AMENDATORY ENDORSEMENT WITH DEFENSE COSTS WITHIN THE LIMIT OF LIABILITY

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES INSURANCE POLICY - STANDARD

1. The Notice at the top of page 1 of the Declarations is amended by replacing the reference to "30 DAYS" with a reference to "60 DAYS" in the third sentence of this Notice.

Clause **III. WHEN COVERAGE IS PROVIDED C. Limited Reporting Period** is amended by replacing the reference to "thirty (30) days" with a reference to "sixty (60) days" and adding the following at the end of this section:

At the expiration of the automatic sixty (60) day extended reporting period, you have the option of purchasing an Extended Reporting Period endorsement.

2. The following sentence is added to the end of the last paragraph of Clause **III. WHEN COVERAGE IS PROVIDED D. Extended Reporting Period**:

Notwithstanding the preceding sentence, the **LIMIT OF LIABILITY** for an optional Extended Reporting Period endorsement offered by us shall not be less than fifty percent (50%) of the aggregate Limit of Liability set forth in Item **4(b)** of the Declarations.

3. The second sentence of the first paragraph of Clause **VIII. CONDITIONS F. Cancellation** is deleted and replaced with the following:

If this policy has been in effect for sixty (60) days or less and is not a renewal policy, we may cancel this policy for any reason.

If this policy has been in effect more than sixty (60) days or is a renewal policy, we may only cancel this policy for any of the following reasons:

1. nonpayment of premium;
2. fraud or material misrepresentation made by or with the knowledge of the Named Insured in obtaining this policy, continuing this policy, or in presenting a claim under this policy;
3. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance; or
4. a material violation of a material provision of the policy.

If we cancel this policy for the reason set forth in **1.** above, we will mail or deliver written notice of cancellation to the **Named Insured** at the address shown in the Declarations at least (10) days before the effective date of the cancellation. If we cancel this policy for any of the reasons set forth in **2., 3., or 4.** above, we will mail or deliver a written notice of cancellation to the **Named Insured** at the address shown in the Declarations at least twenty (20) days prior to the effective date of cancellation. The notice of cancellation shall state the reason for cancellation.

4. Clause **VIII. CONDITIONS I. Transfer Of Rights Of Recovery Against Others To Us** is amended to add the following at the end of this section:

Provided, however, we shall have no right to subrogation unless you have been fully compensated for your **Loss** under this policy.

5. Clause **VIII. CONDITIONS L. Premium Increases** is added and shall read as follows:

L. Premium Increases

If we revise our rates or rules and the revision results in a premium increase greater than twenty-five percent (25%) on any renewal policy, we shall mail or deliver notice to you at least ten (10) days prior to the effective date of renewal, and we shall mail or deliver notice to the producer of record at least thirty (30) days prior to the effective date of renewal, if the producer of record is not our employee, specifically stating our intention to increase the premium by an amount equal to or greater than twenty-five percent (25%).

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

S1856
ARKANSAS
1st Edition

**ARKANSAS AMENDATORY ENDORSEMENT
WITH DEFENSE COSTS WITHIN THE LIMIT OF LIABILITY**

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES CLAIMS INSURANCE POLICY - PREFERRED

1. The second paragraph of Clause **II. DEFINITIONS K. Loss** is amended to add the following at the end of this paragraph:

Punitive damages are damages that may be imposed to punish a wrongdoer and to deter others from similar conduct.
2. The Notice at the top of page 1 of the Declarations is amended by replacing the reference to "30 DAYS" with a reference to "60 DAYS" in the third sentence of this Notice.

Clause **III. WHEN COVERAGE IS PROVIDED C. Limited Reporting Period** is amended by replacing the reference to "thirty (30) day period" with a reference to "sixty (60) day period" and adding the following at the end of this paragraph:

At the expiration of the automatic sixty (60) day extended reporting period, you have the option of purchasing an Extended Reporting Period endorsement.
3. The following sentence is added to the end of the last paragraph of Clause **III. WHEN COVERAGE IS PROVIDED D. Extended Reporting Period**:

Notwithstanding the preceding sentence, the **LIMIT OF LIABILITY** for an optional Extended Reporting Period endorsement offered by us shall not be less than fifty percent (50%) of the aggregate Limit of Liability at policy inception.
4. The second sentence of the first paragraph of Clause **VIII. CONDITIONS F. Cancellation** is deleted and replaced with the following:

If this policy has been in effect for sixty (60) days or less and is not a renewal policy, we may cancel this policy for any reason.

If this policy has been in effect more than sixty (60) days or is a renewal policy, we may only cancel this policy for any of the following reasons:

 1. nonpayment of premium;
 2. fraud or material misrepresentation made by or with the knowledge of the **Named Insured** in obtaining this policy, continuing this policy, or in presenting a claim under this policy;
 3. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance; or
 4. a material violation of a material provision of the policy.

If we cancel this policy for the reason set forth in **1.** above, we will mail or deliver written notice of cancellation to the **Named Insured** at the address shown in the Declarations at

least (10) days before the effective date of the cancellation. If we cancel this policy for any of the reasons set forth in **2.**, **3.**, or **4.** above, we will mail or deliver a written notice of cancellation to the **Named Insured** at the address shown in the Declarations at least twenty (20) days prior to the effective date of cancellation. The notice of cancellation shall state the reason for cancellation.

5. Clause **VIII. CONDITIONS I. Transfer Of Rights Of Recovery Against Others To Us** is amended to add the following at the end of this section:

Provided, however, we shall have no right to subrogation unless you have been fully compensated for your **Loss** under this policy.

6. Clause **VIII. CONDITIONS L. Premium** Increases is added and shall read as follows:

L. Premium Increases

If we revise our rates or rules and the revision results in a premium increase greater than twenty-five percent (25%) on any renewal policy, we shall mail or deliver notice to you at least ten (10) days prior to the effective date of renewal, and we shall mail or deliver notice to the producer of record at least thirty (30) days prior to the effective date of renewal, if the producer of record is not our employee, specifically stating our intention to increase the premium by an amount equal to or greater than twenty-five percent (25%).

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

<i>SERFF Tracking Number:</i>	<i>FNBL-125536872</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Mid-Century Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>#1452 \$100</i>
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1010 Employment Practices Liability</i>
<i>Product Name:</i>	<i>Employment Practices Liability Insurance Program</i>		
<i>Project Name/Number:</i>	<i>Farmers Insurance Group Filings /1002-01</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: FNBL-125536872 State: Arkansas
First Filing Company: Mid-Century Insurance Company, ... State Tracking Number: #1452 \$100
Company Tracking Number:
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability Insurance Program
Project Name/Number: Farmers Insurance Group Filings /1002-01

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty
Review Status: Approved 05/23/2008

Comments:

Attachment:

DOCS-#112766-v1-Transmittal_AR_Forms.pdf

Satisfied -Name: Supporting Documentation
Review Status: Approved 05/23/2008

Comments:

Attachment:

DOCS-#112795-v1-Cover_Letter_Forms_AR.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Farmers Insurance Group				Group NAIC #	212
4. Company Name(s)	Domicile	NAIC #	FEIN #	State #		
Farmers Insurance Exchange	CA	212 21652	95-2575893			
Mid-Century Insurance Company	CA	212 21687	95-6016640			
Truck Insurance Exchange	CA	212 21709	95-2575892			

5. Company Tracking Number	
-----------------------------------	--

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Frederick M. Santiago Funk & Bolton, P. A. 36 South Charles St. 12 th Floor Baltimore, MD 21201	Paralegal	410-659-4976	410-659-7630	fsantiago@fblaw.com
7. Signature of authorized filer				
8. Please print name of authorized filer		Frederick M. Santiago		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	17.1000
10. Sub-Type of Insurance (Sub-TOI)	17.0010
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 05/01/08 Renewal: 07/01/08
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	March 27, 2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	FM-EPL- AR-F01
-----	---	----------------

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
--

This new Employment Practices Liability Insurance Program will be offered by the writing companies listed in accordance with their approved Businessowners Policy Programs (“BOP”) which are on file with your Department. The applicant can choose between the standard coverage form and the preferred coverage form, which includes third party employment practices liability coverage and other enhancements.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
------------	---

Check #:
Amount:

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	FM-EPL-AR-F01
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	FM-EPL-AR-R01

3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Declaration Page - Standard	56-2377 1 st Edition 1-08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Declaration Page - Preferred	56-2402 1 st Edition 1-08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Employment Practices Liability Insurance – Standard	93-6577 1 st Edition 1-08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Employment Practices Liability Insurance – Preferred	93-6578 1 st Edition 1-08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Employment Practices Liability – Extended Reporting Period	93-6576 1 st Edition 1-08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	AR Amendatory Endorsement – Standard	90-1855 1 st Edition 2-08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07	AR Amendatory Endorsement – Preferred	90-1856 1 st Edition 2-08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08	AR Consent Form	25-2594 1 st Edition 2-08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1



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VICTOR K. TERVALA (MD)

March 27, 2008

Commissioner Julie Benafield Bowman
Property and Casualty Section – Rate and Form Filings
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

RE: Farmers Insurance Exchange NAIC # 212 21652 FEIN# 95-2575893
Mid-Century Insurance Company NAIC # 212 21687 FEIN# 95-6016640
Truck Insurance Exchange NAIC # 212 21709 FEIN# 95-2575892

Employment Practices Liability Insurance Program
Our Filing Number FM-EPL-AR-F01
Type of Filing: Form

Dear Commissioner Bowman:

On behalf of the above companies, all of which are member insurers of the Farmers Insurance Group of Companies, we are submitting for approval this Form filing to introduce their new Employment Practices Liability Insurance Program. Enclosed is the Authorization Letter for Funk & Bolton, P. A. to make this filing on behalf of the companies listed above.

This new Employment Practices Liability Insurance Program will be offered by the writing companies listed in accordance with their approved Businessowners Policy Programs (“BOP”) which are on file with your Department. The applicant can choose between the standard coverage form and the preferred coverage form, which includes third party employment practices liability coverage and other enhancements.

The rates for this new program have been submitted to your Department under our Filing Number FM-EPL-AR-R01.

March 27, 2008
Commissioner Bowman
Page 2

The following documents are enclosed as part of this filing:

- Required State Forms;
- Sample copy of each form being submitted for approval;
- Authorization Letter.

Upon your earliest review and approval, we propose to implement this filing for all policies effective on or after May 1, 2008 for new business and July 1, 2008 for renewals. Kindly contact me with any comments/questions or with documentation of the Department's approval of this filing.

Sincerely,

Fred Santiago

Fred Santiago
Paralegal
Funk & Bolton, P.A.
36 South Charles Street, 12th Floor
Baltimore MD 21201

410.659.4976 – Direct Dial
410.659.7630 – Facsimile
fsantiago@fblaw.com - Email



SERFF Tracking Number: FNBL-125536872 State: Arkansas

First Filing Company: Mid-Century Insurance Company, ... State Tracking Number: #1452 \$100

Company Tracking Number:

TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability

Product Name: Employment Practices Liability Insurance Program

Project Name/Number: Farmers Insurance Group Filings /1002-01

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	Declaration Page Standard	03/26/2008	56-2377 1st 01-08.pdf
No original date	Form	Declaration Page Preferred	03/26/2008	56-2402 1st 01-08.pdf
No original date	Form	AR Amendatory Endorsement Standard	03/26/2008	S1855 1st Ed _90-1855_ 02-08 AR Amendatory DWL -STD- _EPLI_ .pdf
No original date	Form	AR Amendatory Endorsement Preferred	03/26/2008	S1856 1st Ed _90-1856_ 02-08 AR AmendatoryDWL PREF _EPLI_.pdf

DECLARATIONS
EMPLOYMENT PRACTICES INSURANCE COVERAGE - STANDARD

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE INSURER AS SOON AS PRACTICABLE. WITHOUT NEGATING THE FOREGOING REQUIREMENTS, SUCH NOTICE OF CLAIM MUST ALSO BE REPORTED NO LATER THAN 60 DAYS AFTER THE END OF THE POLICY PERIOD OR, IF APPLICABLE, THE EXTENDED REPORTING PERIOD. AMOUNTS INCURRED AS DEFENSE COSTS SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE INSURER SHALL NOT BE LIABLE FOR ANY DEFENSE COSTS OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED. PLEASE READ THIS POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT.

Policy Number:

1. Named Insured:

☐ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture ☐ Other

2. Policy Period:

at 12:01 a.m.

(Standard Time at Your address shown below)

3. Address:

4. Limit Of Liability (Includes Cost Of Defense):

(a) Each Insured Event Limit _____

(b) Aggregate Limit of Liability _____

5. Self Insured Retention (Includes Cost Of Defense):

Any One Insured Event _____

6. Prior Knowledge Date:

7. Retroactive Date:

8. Premium:

9. Authorized Representatives:

10. Endorsements At Inception:

DECLARATIONS
EMPLOYMENT PRACTICES INSURANCE COVERAGE - PREFERRED

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, PROVIDED SUCH CLAIM IS REPORTED IN WRITING TO THE INSURER AS SOON AS PRACTICABLE. WITHOUT NEGATING THE FOREGOING REQUIREMENTS, SUCH NOTICE OF CLAIM MUST ALSO BE REPORTED NO LATER THAN 60 DAYS AFTER THE END OF THE POLICY PERIOD OR, IF APPLICABLE, THE EXTENDED REPORTING PERIOD. AMOUNTS INCURRED AS DEFENSE COSTS SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTIONS. THE INSURER SHALL NOT BE LIABLE FOR ANY DEFENSE COSTS OR FOR ANY JUDGMENT OR SETTLEMENT AFTER THE LIMIT OF LIABILITY HAS BEEN EXHAUSTED. PLEASE READ THIS POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT.

Policy Number:

1. Named Insured:

☐ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture ☐ Other

2. Policy Period:

at 12:01 a.m.

(Standard Time at Your address shown below)

3. Address:

4. Limit Of Liability (Includes Cost Of Defense):

(a) Each Insured Event/Third Party Insured Event _____
(b) Punitive, Exemplary and multiple damages Limit _____
(c) Aggregate Limit of Liability _____

5. Self Insured Retention (Includes Cost Of Defense):

Any One Insured Event/Third Party Insured Event _____

6. Prior Knowledge Date:

7. Retroactive Date:

8. Premium:

9. Authorized Representatives:

10. Endorsements At Inception:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

S1855
ARKANSAS
1ST Edition

ARKANSAS AMENDATORY ENDORSEMENT WITH DEFENSE COSTS WITHIN THE LIMIT OF LIABILITY

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES INSURANCE POLICY - STANDARD

1. Clause **III. WHEN COVERAGE IS PROVIDED C.** Limited Reporting Period is amended by replacing the reference to "thirty (30) days" with a reference to "sixty (60) days" and adding the following at the end of this section:

At the expiration of the automatic sixty (60) day extended reporting period, you have the option of purchasing an Extended Reporting Period endorsement.

2. The following sentence is added to the end of the last paragraph of Clause **III. WHEN COVERAGE IS PROVIDED D.** Extended Reporting Period:

Notwithstanding the preceding sentence, the **LIMIT OF LIABILITY** for an optional Extended Reporting Period endorsement offered by us shall not be less than fifty percent (50%) of the aggregate Limit of Liability set forth in Item **4(b)** of the Declarations.

3. The second sentence of the first paragraph of Clause **VIII. CONDITIONS F. Cancellation** is deleted and replaced with the following:

If this policy has been in effect for sixty (60) days or less and is not a renewal policy, we may cancel this policy for any reason.

If this policy has been in effect more than sixty (60) days or is a renewal policy, we may only cancel this policy for any of the following reasons:

1. nonpayment of premium;
2. fraud or material misrepresentation made by or with the knowledge of the Named Insured in obtaining this policy, continuing this policy, or in presenting a claim under this policy;
3. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance; or
4. a material violation of a material provision of the policy.

If we cancel this policy for the reason set forth in **1.** above, we will mail or deliver written notice of cancellation to the **Named Insured** at the address shown in the Declarations at least (10) days before the effective date of the cancellation. If we cancel this policy for any of the reasons set forth in **2., 3., or 4.** above, we will mail or deliver a written notice of cancellation to the **Named Insured** at the address shown in the Declarations at least twenty (20) days prior to the effective date of cancellation. The notice of cancellation shall state the reason for cancellation.

4. Clause **VIII. CONDITIONS I. Transfer Of Rights Of Recovery Against Others To Us** is amended to add the following at the end of this section:

Provided, however, we shall have no right to subrogation unless you have been fully compensated for your **Loss** under this policy.

5. Clause **VIII. CONDITIONS L. Premium Increases** is added and shall read as follows:

L. Premium Increases

If we revise our rates or rules and the revision results in a premium increase greater than twenty-five percent (25%) on any renewal policy, we shall mail or deliver notice to you at least ten (10) days prior to the effective date of renewal, and we shall mail or deliver notice to the producer of record at least thirty (30) days prior to the effective date of renewal, if the producer of record is not our employee, specifically stating our intention to increase the premium by an amount equal to or greater than twenty-five percent (25%).

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

S1856
ARKANSAS
1st Edition

ARKANSAS AMENDATORY ENDORSEMENT WITH DEFENSE COSTS WITHIN THE LIMIT OF LIABILITY

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES CLAIMS INSURANCE POLICY - PREFERRED

1. The second paragraph of Clause **II. DEFINITIONS K. Loss** is amended to add the following at the end of this paragraph:

Punitive damages are damages that may be imposed to punish a wrongdoer and to deter others from similar conduct.
2. Clause **III. WHEN COVERAGE IS PROVIDED C. Limited Reporting Period** is amended by replacing the reference to "thirty (30) day period" with a reference to "sixty (60) day period" and adding the following at the end of this paragraph:

At the expiration of the automatic sixty (60) day extended reporting period, you have the option of purchasing an Extended Reporting Period endorsement.
3. The following sentence is added to the end of the last paragraph of Clause **III. WHEN COVERAGE IS PROVIDED D. Extended Reporting Period**:

Notwithstanding the preceding sentence, the **LIMIT OF LIABILITY** for an optional Extended Reporting Period endorsement offered by us shall not be less than fifty percent (50%) of the aggregate Limit of Liability at policy inception.
4. The second sentence of the first paragraph of Clause **VIII. CONDITIONS F. Cancellation** is deleted and replaced with the following:

If this policy has been in effect for sixty (60) days or less and is not a renewal policy, we may cancel this policy for any reason.

If this policy has been in effect more than sixty (60) days or is a renewal policy, we may only cancel this policy for any of the following reasons:

 1. nonpayment of premium;
 2. fraud or material misrepresentation made by or with the knowledge of the **Named Insured** in obtaining this policy, continuing this policy, or in presenting a claim under this policy;
 3. the occurrence of a material change in the risk that substantially increases any hazard insured against after policy issuance; or
 4. a material violation of a material provision of the policy.

If we cancel this policy for the reason set forth in **1.** above, we will mail or deliver written notice of cancellation to the **Named Insured** at the address shown in the Declarations at least (10) days before the effective date of the cancellation. If we cancel this policy for any of the reasons set forth in **2., 3., or 4.** above, we will mail or deliver a written notice of cancellation to the **Named Insured** at the address shown in the Declarations at least

twenty (20) days prior to the effective date of cancellation. The notice of cancellation shall state the reason for cancellation.

5. Clause **VIII. CONDITIONS I. Transfer Of Rights Of Recovery Against Others To Us** is amended to add the following at the end of this section:

Provided, however, we shall have no right to subrogation unless you have been fully compensated for your **Loss** under this policy.

6. Clause **VIII. CONDITIONS L. Premium** Increases is added and shall read as follows:

L. Premium Increases

If we revise our rates or rules and the revision results in a premium increase greater than twenty-five percent (25%) on any renewal policy, we shall mail or deliver notice to you at least ten (10) days prior to the effective date of renewal, and we shall mail or deliver notice to the producer of record at least thirty (30) days prior to the effective date of renewal, if the producer of record is not our employee, specifically stating our intention to increase the premium by an amount equal to or greater than twenty-five percent (25%).

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.